REMARKS

Claims 1-3, 5-12 and 14-17 remain in this application, and are not amended by this response.

The Examiner rejected claims 1-3, 5-12 and 14-17 under 35 U.S.C. § 102(e) as anticipated by Johnson. These rejections are respectfully traversed.

A patent claim is anticipated by a reference "only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987), cited in M.P.E.P. § 2131. "The elements must be arranged as required by the claim." *In re Bond*, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990), also cited in M.P.E.P. § 2131. Johnson fails to disclose every element of independent claims 1 and 9 arranged as required by these claims, and therefore does not anticipate them.

Johnson discloses a system in which digital copies of virtual properties are maintained by owners using an owner system. Col. 9:51-59; Fig. 5C. According to Johnson, the owner system includes the digital data ("BinaryData 529") that defines the virtual property item. *Id.* Johnson teaches that the owner system shown in Fig. 5C and discussed at col. 9:51-59 may be embodied in web browsers or other client applications and "is typically operated by a user to perform transactions with virtual property." Col. 7:11-17. Based on the foregoing, Johnson fails to disclose "providing virtual properties configured for use in a computer game" arranged in a method or system "such that said property owners are permitted to use said virtual properties in said computer game *but are not permitted to possess* a digital copy of any of said virtual properties," as defined by claims 1 and 9. To the contrary, in the embodiment using virtual properties provided in connection with a game, Johnson expressly teaches the opposite: maintaining digital copies of the properties *at the owners' systems;* i.e., in their possession.

On page 3, the Office Action cites Johnson at col. 17:25-40 as disclosing using

"a central server to store virtual properties," but this argument is deficient for at least two reasons. First, no showing has been made that Johnson discloses a system in which possession of digital properties is *not permitted*. It is not sufficient to show, in an embodiment, Johnson teaches that storage at a central server is permitted. It is not sufficient because Johnson discloses nothing about *not permitting* storage at owner sites. Nor has any showing been made that not permitting storage at an owner site is inherent in Johnson, as required to show anticipation under § 102 when an express disclosure is lacking.

Second, Johnson discloses no embodiments or criticized prior art operative to store digital property centrally, in which the properties are "virtual properties configured for use in a computer game," as claims 1 and 9 require. The embodiment disclosed in Fig. 10 and discussed at col. 17:25-40 concerns trading of stocks and bonds. Stocks, bonds, and other financial instruments represent ownership interests in money or tangible property, and cannot reasonably be said to read on the "virtual properties configured for use in a computer game" required by claims 1 and 9. Johnson's only other disclosure of a centrally-maintained repository of property objects is the prior-art IBM Cryptolopes system, which Johnson criticizes at col. 1:46-67. No showing has been made that the Cryptolopes system operated to keep virtual properties configured for use in a computer game. Johnson simply fails to disclose a method or system:

> providing virtual properties configured for use in a computer game operable in a memory of said server, said virtual properties existing solely in virtual form within a computer network;
>
> assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties;

as defined by claims 1 and 9. Therefore, Johnson does not anticipate these claims.

The Office Action argues that, prior to the present invention, one "would be motivated to use the central server embodiment for the game when the value of the

objects becomes significant." Office Action, p. 3. This is not a proper argument under § 102. Johnson does not disclose all the elements of claims 1 or 9 arranged as set forth in Johnson, and therefore does not anticipate. It may or may not be a proper argument under § 103 (obviousness), but the claims do not stand rejected under that section. Applicant cannot argue a rejection that has not been made. It is pointed out, however, that Johnson teaches away from central storage of virtual game objects, contrary to what claims 1 and 9 require. Under the logic of Johnson, Internet games are "not involving objects with great value" and therefore require less security. Col. 13:7-15. But claims 1 and 9 define virtual game objects, so a motivation to provide greater security would not have been present.

On page 6, the Office Action argues that "Johnson teaches the system of maintaining objects centrally, but suggests an improvement by maintaining objects locally." This statement as mischaracterizes what Johnson teaches. More accurately, Johnson teaches one system for stocks and bonds in which objects are maintained centrally, while being silent about whether or not they are also maintained locally. Col. 17:24-54; Fig. 10. Johnson teaches another system for game objects, in which digital copies are maintained locally. Col. 9:20-59; Fig. 5C. Johnson never suggests that the system for game objects could be improved by maintaining objects centrally. To the contrary, Johnson teaches that local storage is preferable for game objects. Col. 9:60-67. In addition, Johnson is silent about *not permitting* owners to possess digital copies of virtual property while still allowing them to use the properties, as claims 1 and 9 require.

Similarly, Johnson fails to disclose a system or method that includes "maintaining an inventory of said virtual properties [being virtual game objects] in a centralized database accessible by property owners via a network connection," as claims 1 and 9 require. As noted above, Johnson teaches local storage is preferable for game objects. Col. 9:60-67. Johnson does not disclose a system in which an inventory of virtual game objects is centrally maintained.

Failing to disclose or suggest every element of claims 1 and 9 as arranged in these claims, Johnson cannot anticipate them. Claims 2-3, 5-8, 9-12 and 14-17 are also allowable, at least as depending from allowable base claims. These rejections should therefore be withdrawn.

Further regarding claims 7 and 16, Johnson also fails to disclose the additional elements of these claims, which are therefore independently allowable. At col. 3:21-32, Johnson discloses facilitating trades of virtual property items. Johnson does not disclose "allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game," as defined by claims 7 and 16. This deficiency was admitted by the former Examiner, who rejected these claims under 35 U.S.C. § 103(a) in the Office Action mailed July 16, 2004, in view of Johnson and "official notice." Facilitating winning of virtual objects in the course of a game, as these claims require, does not reasonably read on facilitating trades, as Johnson discloses. Johnson therefore does not anticipate claims 7 and 16, for this additional reason.

In view of the foregoing, the Applicants respectfully submit that Claims 1-3, 5-12 and 14-17 are in condition for allowance. Reconsideration and withdrawal of the rejections is respectfully requested, and a timely Notice of Allowability is solicited.

To the extent it would be helpful to placing this application in condition for allowance, the Applicants encourage the Examiner to contact the undersigned counsel and conduct a telephonic interview.

While no fees are believed due in connection with the filing of this paper, the Commissioner is authorized to charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 50-3683.

Respectfully submitted,

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